

**NOTICE TO VENDORS**  
**Request for Information**  
**Collection of delinquent court debt**  
**October 8, 2008**

The Judicial Branch requests information concerning issues and options associated with the collection of delinquent court debt by a private provider.

This is only a Request for Information (RFI) and should not be construed as intent, commitment or promise to services or solutions offered.

Information is requested from vendors including, but not limited to: concepts, openness, options, concerns, tasks, processes, time frames, availability, standards, etc., associated with the implementation of private collection of delinquent court debt.

One (1) electronic copy (in PDF format) of your response must be received at the following e-mail address not later than 3:00 p.m. (CDT), November 14, 2008.

Larry J. Murphy - [larry.murphy@iowacourts.gov](mailto:larry.murphy@iowacourts.gov)

**Questions about the Request for Information**

*Questions about this Request for Information may be referred to Larry Murphy, State of Iowa, Judicial Branch. Call (515) 281-9765 or e-mail [larry.murphy@iowacourts.gov](mailto:larry.murphy@iowacourts.gov).*

**Request for Information**  
**Private Collection of Judicial Branch Debt**

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## **Terms and Conditions**

1. The State of Iowa **will not become obligated** as the result of this RFI.
2. Information submitted in response to this RFI will become the property of the State of Iowa.
3. Information that is proprietary or trade secret may be protected from disclosure under the public records law only if properly labeled as such.
4. The State of Iowa **will not pay** for any information herein requested nor is it liable for any costs incurred by the vendor.
5. Economy of presentation: Special bindings, colored displays, promotional materials, and the like are not required.
6. Vendors may be asked to meet for the purpose of explaining and/or demonstrating responses. Any meeting, if necessary, will be held in Des Moines, Iowa, within the Judicial Branch Building on the State Capitol Complex. Vendors must list a contact person and phone number the state may contact to schedule a meeting time and place.
7. This RFI is being submitted strictly for the purpose of gaining knowledge of the products and services available. The vendor is not required to quote prices for any solutions proposed. However, general cost estimates would be appreciated. The figures provided are not binding to the company.

## **Purpose and Objectives**

The Judicial Branch is committed to improving the quality and consistency of justice by ensuring compliance with judicial orders. The purpose of this Request for Information (RFI) is to solicit information for collection efforts against non-compliant defendants.

The Judicial Branch is seeking a solution specifically for the collection of delinquent court debt.

The objective of this Request for Information is to solicit responses from qualified vendors and others for recommendations on potential solutions to collection of delinquent court debt. For purposes of evaluating the responses, the Judicial Branch would like to be able to identify:

1. What are the business rules of private collectors in working with citizens for debt collection?
2. What information systems private collectors have available for the transfer of information about court debt?

3. What data would the Judicial Branch need to provide to a private collector?
4. What protections would a private collector maintain to ensure privacy of information and protections against identify theft.
5. What costs to the Judicial Branch would there be associated with private collection of delinquent court debt?
6. Outline the business processes used for private collection of court debt.
7. How would the Judicial Branch receive the funds collected by a private collector?

The Judicial Branch is providing information in this document in order for the respondents to address their responses to our business requirements.

## **Vendor Responses**

At a **minimum** vendor responses should address the following items:

### **Company Information**

- a) What is your company's vision for debt collection and how would your proposed solutions provide value to a Judicial Branch?
- b) Describe your business process for collections.
- c) Describe your operational approach to debt collection. Describe your organizations tools and practices for successful debt collection, specifically delinquent court debt collection.
- d) Describe the day-to-day activities necessary to transfer accounts to a private collection organization, report performance and recall accounts.
- e) What would you expect from the Judicial Branch given the specifications and business directions of the Judicial Branch?
- f) Describe the capability of the technologies you use for debt collection.
- g) Describe how your solution minimizes disruption and risk to the Judicial Branch.

## **Background Information**

Iowa Judicial Branch is committed to improving the quality and consistency of justice by ensuring compliance with Judicial Branch orders. The purpose of this Request for Information (RFI) is to solicit information for collection efforts against non-compliant defendants.

The intent of this request is to solicit information to improve collection services. Through the evaluation of this request for information process, the Judicial Branch will formulate strategies for the collection of delinquent court debt. This will lead to a Request for Proposal process by the Judicial Branch for outsourcing collections of this debt.

The collection needs within the Iowa Judicial Branch may be characterized as a medium volume of relatively medium to low dollar receivables.

In the information submitted under this solicitation, we will want an understanding of the vendor's ability to provide immediate and consistent efforts in collections. The information needs to contain collection strategies which have worked effectively in other jurisdictions in the United States. The information provided needs to address key approaches to effectively collect delinquent court debt. The information must contain recovery rates of other jurisdictions. Maximizing the Judicial Branch's recovery rate through expanded collections programs will improve the Judicial Branch's public image, preserve integrity and advance the administration of justice.

### **Iowa Court Information System –**

The accounting system-contained within Iowa Court Information System (ICIS) is an automated, accounts payable and accounts receivable double-entry general ledger system that was designed in accordance with Generally Accepted Accounting Principles to handle all financial transactions related to a case. This system links all counties together within the state court network and feeds the financial information to the district and state administrative offices, with links to other state networks such as Department of Human Services (DHS), Department of Transportation (DOT), Iowa Department of Revenue (IDR) and Department of Public Safety (DPS).

ICIS is used by the clerks of district court, juvenile court services, the appellate courts and all other court entities.

The main functional areas within the system are:

- Set Up/Maintain Financial Codes

- Receipting on Financial Codes

- Receipt Error Corrections

- Disbursement of Receipts

- Reports/Balancing/Reconciliation

During a case, events are docketed to track what is happening concerning the case. After an event requiring docketing a financial entry, e.g. judgment, restitution, fees, or other fines, a financial transaction must be created to track the amount to be paid in (accounts receivable) and disbursed or paid-out (accounts payable). Each specific fee, fine, or judgment associated with the various docketed events has its own specific financial code to differentiate between the events and to be able to be broken down into various funds established by the State.

The Uniform Chart of Accounts was developed to define the financial codes for each fee type accounted for by the Clerks through ICIS. The Clerk, having fiduciary responsibility over public funds held in the office, must account for every financial transaction that occurs in that office. The financial code links case docketing data with the case financial data. This case financial data feeds finance and personnel (general ledger) data.

When money is received, a pay-down process to record the credit to the accounts receivable and to debit the accounts payable is initiated. Money is received by the clerks in a variety of ways, including:

- payments made to a cashier in a clerk's office
- payments made via credit card on the judicial internet web site
- payments made to the Centralized Collections Unit (CCU) -- described below
- income tax offset withholding (described below)

There are several debt collection tools currently used by the Judicial Branch, including:

#### **Income Tax Withholding/Lottery Winnings Offset:**

A file is sent to Iowa Dept of Administrative Services every week for all outstanding debt to the State of Iowa over 90 days delinquent where the debtor is not currently on an installment (payment) plan either through the clerk's office or through the County Attorney's office. The Vendor Offset Program matches the debtors to the list of State income tax refund amounts and/or any State lottery winnings over \$600.

#### **Centralized Collections Unit (CCU) Program:**

The Centralized Collections Unit (CCU) was designed to provide collection services to multiple state agencies and operates similarly to a private collection firm. The CCU is maintained by the Iowa Department of Revenue.

Each night, a file is sent to the CCU of debtors with delinquent court fines, fees, and other related court costs. The outstanding receivables must be over 45 days delinquent and the debtor cannot be on an installment (payment) plan either through the clerk's office or through the County Attorney's office. Currently, only criminal cases (including traffic tickets) are automatically sent for collections. The clerk has the option of manually sending civil cases to the CCU as well.

#### **Vehicle Registration Suspension (Treasurer's Interface):**

Another effective collection tool is the ability to deny motor vehicle registrations to individuals who have unresolved liabilities. Each night, ICIS transmits an electronic file to the Department of Transportation with the names of all customers who have unresolved liabilities. The file is sent from the DOT to the County Treasurer Offices. Those individuals with outstanding debt over 15 days delinquent who are not currently on an installment (payment) plan either through the clerk's office or through the County Attorney's office will not be allowed to register or renew registrations for their vehicles until they make payment arrangements.

### **Driver's License Suspensions:**

And finally, the courts have the authority to suspend the driver's license of individuals with outstanding debt to the State. Each night, ICIS transmits a file to the Department of Transportation with the names of all customers who have unresolved liabilities remaining 75 days past the traffic ticket due date.

### **Objectives of this Request for Information**

The objective of this RFI is to obtain information about the use of private collection service vendors to aid the Iowa courts in collecting outstanding court fines, fees and costs. It is expected that the vendors will adhere to professional standards for customer service, collect outstanding receivables, and maintain accurate historical and transactional databases.

### **Senate File 2428 – 2008 Legislative Session states the following:**

#### **ASSIGNMENT TO PRIVATE COLLECTION DESIGNEE.**

- I. The judicial branch may contract with a private collection designee for the collection of court debt sixty days after the court debt in a case is deemed delinquent pursuant to subsection 2 if the county attorney is not collecting the court debt in a case pursuant to subsection 4. The judicial branch shall solicit requests for proposals prior to entering into any contract pursuant to this subsection.*
- II. The contract shall provide for a collection fee equal to twenty-five percent of the amount of the court debt in a case deemed delinquent. The collection fee as calculated shall be added to the amount of the court debt deemed delinquent. The amount of the court debt deemed delinquent and the collection fee shall be owed by and collected from the defendant. The collection fee shall be used to compensate the private collection designee. The contract may also assess the private collection designee an initial fee for entering into the contract.*
- III. The judicial branch may consult with the department of revenue and the department of administrative services when entering into the contract with the private collection designee.*
- IV. Subject to the provisions of paragraph "b", the amounts collected pursuant to this subsection shall be distributed as provided in subsection 2. Any initial fee collected by the judicial branch shall be deposited into the general fund of the state.*



- V. *The judicial branch or the private collection designee shall file with the clerk of the district court a notice of the satisfaction of each portion of the court debt to the full extent of the moneys collected in satisfaction of the court debt. The clerk of the district court shall record the notice and enter a satisfaction for the amounts collected.*

## **Requirements for Private Collection of Judicial Branch Debt**

### **Specifications**

#### **Business rules of the Judicial Branch**

1. The State Court Administrator's office will have a team of court debt administrative staff to work with private debt collector/s. The private debt collector/s will be working with this team and not 99 individual Clerk's of Court.
2. The court debt administrative staff will gather batches of court debt and provide a work order agreement for each period of transfer of debt collection.
3. No minimum or maximum volume of accounts will be guaranteed by a contract or work order. Volume would be determined by the number of outstanding receivables and the success of the collection program.
4. The Judicial Branch anticipates a semi-monthly/monthly work order agreement and transfer of debt to the private collection agency.
5. The Judicial Branch can provide the vendor a sample list of receivables. Subsequent receivables will be issued to the vendor per work order agreement. Receivables may be transmitted electronically. A receivable may include the following data items depending on the availability of information and the case type (traffic, criminal, etc.):

Defendant Name	Vehicle Make	Sentencing Date
Defendant Phone	Vehicle Year	Warrant Number
Defendant Address	Defendant SSN#	Warrant Status
Defendant Driver License #	Court Case Number	Warrant Date
Defendant Driver License State	Citation Number	Balance Outstanding
Date of Birth	Date of Offense	
Sex	Offense Description	
License Plate Number		

6. The Judicial Branch will not make a full assignment of judgments to the collection service. Judgments will be assigned on a contingency basis only. This means that the vendor awarded the work order will not have full right to the obligations owed to the Judicial Branch and will only pursue collection on behalf of the Judicial Branch.
7. The Judicial Branch prefers to retain control over the accounts referred to the vendor. The Judicial Branch may recall at its discretion any account referred to the contractor at any time without charge or penalty.
8. At the Judicial Branch's option, the work orders negotiated with the vendor may provide for performing primary collection activities and/or progressive collection activities. Primary collection activities would be performed on accounts that have not been previously referred to any professional collection agency contracting with the Judicial Branch. Progressive collection activities would be performed on accounts that have previously been referred to a different collection agency for primary collection activities for at least six continuous months without producing payment in full and which have been recalled by the Judicial Branch. It shall be at the Judicial Branch's discretion to designate accounts for primary or progressive collection activities.
9. The Judicial Branch would prefer that payments received by the court within the first ten (10) days after expiration, termination or cancellation of a work order are subject to a collection agency fee. Payments received more than ten (10) days after expiration, termination or cancellation of a work order agreement should not be assessed a collection agency fee, unless specifically authorized in writing by the court. The Vendor will forward to the Judicial Branch, all phone calls, correspondence and payments related to the accounts returned to the court for a period of 45 days after the closing date.
10. Payments received by the Judicial Branch within the first ten (10) days after expiration, termination or cancellation of a work order are subject to a collection agency fee. Payments received more than ten (10) days after expiration, termination or cancellation of a work order will not be assessed a collection agency fee, unless specifically authorized in writing by the Judicial Branch. The Vendor will forward to the Judicial Branch, or their designee, all phone calls, correspondence and payments related to the accounts returned to the Judicial Branch for a period of 45 days after the closing date.
11. Payments received by the Judicial Branch as a result of intercepting a debtor's Iowa state tax refund, intercepting Iowa lottery winnings, following arrest on a warrant, or as

a result of a driver license suspension or vehicle registration hold imposed by the Iowa Department of Transportation's Motor Vehicle Division will not be subject to a collection agency fee.

12. The Judicial Branch will provide the vendor a report itemizing payments received by the Judicial Branch on receivables assigned to the vendor. The data may be provided to the vendor electronically according to a mutually agreed upon schedule.
13. The Judicial Branch expects the vendor will perform all services as provided for within their proposal unless the vendor can explain in detail that the deviation would be of a material benefit to the Judicial Branch. The Judicial Branch expects the vendor in performance of their service, will use due diligence, reasonable and ethical collection methods, and comply with state and federal consumer and collection laws.
14. The vendor should clearly demonstrate, in this RFI their customer service orientation.
15. The Judicial Branch expects the vendor will maintain open lines of communication for the purpose of managing the collection program, resolving problems, and promoting understanding. Therefore, the vendor is expected to designate a project manager and an alternate manager to meet, as requested, with the Judicial Branch and/or the State Court Administrator (designee) to discuss vendor services.
16. The Judicial Branch expects that in the event of a dispute regarding the defendant's fine, the vendor will stop collection efforts on the obligation(s) in question. The vendor will obtain verification of the receivable. The Judicial Branch will provide the contractor all information required by law. The defendant must forward written notice of the dispute to the vendor. If the defendant requests copies of supporting documentation, the Judicial Branch will provide the copies to the defendant. The defendant is responsible for the cost of the copies provided by the Judicial Branch. The vendor will maintain complete records on disputes.
17. The vendor in collaboration with the Judicial Branch will develop a procedure to document disputed accounts. This includes documentation for each account on which a dispute is filed. Documentation must include the vendor's written response to the defendant.

18. The vendor will submit routine written procedures, within the scope of these specifications, for handling the services described. Procedures are subject to the approval of the State Court Administrator/designee.
19. The vendor(s) will provide services compatible with the Judicial Branch's standard work week, Monday through Friday 8 a.m. to 4:30 p.m. The vendor may provide services during expanded legally allowed times as agreed upon with the State Court Administrator/designee.
20. The vendor will provide training to Judicial Branch staff to facilitate communication and understanding between the Judicial Branch and the vendor concerning the services provided by the vendor versus Judicial Branch's responsibilities.
21. The vendor must have sufficient financial capacity, working capital, and other financial, technical and management resources to perform the work order agreement.
22. Vendors will provide a list of at least five Courts for which they do business (or for which they have done business within the last 3 years), including work with Iowa Courts, if any. Include the name and telephone number of a person to contact.

### **Programmatic Requirements**

1. The vendor should be qualified to do business legally in the State of Iowa.
2. The vendors should have an automated system to facilitate the exchange of account placements, payment information, and status reports. System requirements include E-mail and/or Internet capabilities. Data may be delivered electronically.
3. The vendor will provide assurance of security and safety of all Judicial Branch computer files and documents.
4. The vendor must have the ability to accept credit card and debt card payments.
5. The vendor will maintain accurate records of any collection transactions received.
6. The vendor will submit citation and case numbers corresponding to payments on all transactions.

7. The vendor is responsible for attempting to contact payers when insufficient data is available to identify the correct corresponding case and party.
8. The vendor is responsible for collecting non-sufficient fund items. The contractor may assess a charge for returned check items, subject to Iowa law.
9. The vendor will provide prompt telephone contact (within 24 hours) in response to Judicial Branch inquiries.
10. The vendor will treat all information, and in particular social security numbers and information relating to defendants, which is obtained by the vendor through its performance under a contract, as confidential information to the extent that confidential treatment is provided under State and Federal law, and shall not use any information so obtained in any matter except as necessary for the proper discharge of its obligations and protection of its rights.

### **Reporting Requirements**

1. The vendor will provide the reports indicated below and any additional reports as determined by the State Court Administrator/designee. The Judicial Branch will have unlimited rights to the use of all contractor reports, statistical data, and notes for the benefit of the Judicial Branch and/or the State Court Administrator. The reports shall be generated by the vendor's automated system. Reports will be provided for each Judicial Branch location in a form acceptable to the State Court Administrator/designee. Unless otherwise indicated, all information shall be reported first by Judicial Branch location and then by case type (such as: traffic, criminal etc.). Case types shall be subtotaled. Defendant names shall be displayed, last name first.
2. Reports will be submitted, unless otherwise indicated, monthly upon request. Reports shall reflect at a minimum the following information:
  - a. **New Accounts**: This report will ensure that the vendor reconciles to the total account balance assigned by the Judicial Branch. This report shall be produced the same day accounts are input into the vendor's system. Each report shall include the defendant's name, case number and balance. Reports are to be generated either in alphabetical order by defendant last name or by case number as requested by the Judicial Branch.
  - b. **Monthly Accounts Aging**: This report will provide the Judicial Branch and the SCA with statistical data regarding the time of collection. Aged receivables shall

be reported by category in thirty (30) day increments up to 120 days, then: 121 days to 180 days, 181 days to 365 days. Accounts exceeding 365 days are aged on a yearly basis. For the purposes of this report aging commences at the date of referral to the contractor.

- c. **Daily Cash Receipt Report**: This report will provide the Judicial Branch with a daily accounting of all payments received by the contractor for that day. The report shall reflect referral date, number of days to collection, defendant's name, case number, amount paid, previous amount paid, total paid, balance due, and vendor's fee.
- d. **Daily Adjustment Report**: This report provides the Judicial Branch with a daily accounting summary of all adjustments and a comprehensive list of adjustments by Judicial Branch. The report shall reflect the date of the adjustment, the type of adjustment's (bad check etc.), amount of adjustment, referral date, defendants name, case number, original amount referred, and balance due after adjustment.
- e. **Monthly Collection Analysis Report**: This report will provide the Judicial Branch with a monthly status report of all accounts in the vendor's system. A comprehensive report indicating number of referrals, total dollar value, gross collections, collection rate, adjustments, and collection fees reflected in dollars and percentages, number of remaining receivable accounts, dollar value outstanding, number of accounts paid in full, and number of accounts closed including the closure reason.
- f. **Monthly Judicial Branch Collection Report**: This report will provide the State Court Administrator with a monthly status report of all Judicial Branch in the vendor's system. The comprehensive report shall indicate by month and year of assignment to the contractor the number of referrals, total dollar value, total number of cases with unidentified postal addresses, total dollar value of cases, gross collection fees reflected in dollars and percentages.

## **Services**

1. Upon successful execution of a work order agreement the vendor will provide the Judicial Branch-specific procedures, report formats and notice designs.
2. The vendor will adjust the account receivable record within two (2) business days of any modification information transferred by the Judicial Branch.

3. The vendor will adjust the receivable record to reflect returned check items immediately upon receipt.
4. Vendor will be able to report outstanding receivables on behalf of the Judicial Branch to a nationally available credit history reporting database. This will be at no additional cost to the Judicial Branch.
5. The vendor will utilize various skip-tracing and collection techniques to locate defendants. Techniques shall include the capability to: communicate in Spanish both orally and in written form; pursue defendants residing within the boundaries of the United States, including military bases and Indian Reservations, or in foreign countries.
- ~~6.~~ The vendor shall not institute any legal action unless approved or directed in writing by the State Court Administrator.
7. The contractor should monitor bankruptcy cases nationwide on accounts referred for collections.
8. The vendor shall remit the entire amount of each receivable collected to the Judicial Branch. Cash and cash instruments made payable to the vendor may be deposited by the vendor into the vendor's bank account with the subsequent issuance of a check made payable to the Judicial Branch for the exact sum of the payments received. The vendor must forward the check to the Judicial Branch with supporting documentation on a periodic basis approved by the State Court Administrator/designee. The contractor shall have the capability to forward funds electronically.
9. If there is no collection activity after 180 days or some other mutually agreed upon period of time, the Judicial Branch may recall the account. The vendor and the Judicial Branch shall prescribe the criteria and procedures for returning uncollected accounts to the Judicial Branch. When an account is returned, the contractor shall give the reasons why the account is deemed to be uncollectible and make recommendations on the future action (e.g., continue to pursue in some other manner, write off, etc.).
10. The vendor will maintain and make available for inspection, audit, and reproduction to authorized representatives of the Judicial Branch any books, documents, or other relevant information pertaining to collections performed for the Judicial Branch.

11. Data exchanges between the Judicial Branch and the vendor shall provide sufficient information to allow the Judicial Branch to remain in compliance with Generally Accepted Accounting Procedures and requirements of Iowa law.

### **Termination/Expiration of Contract**

1. The vendor understands that the relinquishment of duties and return of accounts will be scheduled so as to provide for the orderly transition of business and prevent the disruption of service.
2. The vendor will provide a forty-five (45) day close-out period. The vendor understands that the contract will not be considered terminated until all receivables, returned to the Judicial Branch or the Judicial Branch's designee, have been validated and accepted by the Judicial Branch. Return of the receivables will be in a mutually agreed-upon medium.
3. The vendor will return all accounts to the Judicial Branch regardless of payments or arrangements made on the accounts. If the vendor has notified a credit bureau of the receivable, the vendor will notify the credit bureau to remove the receivable when the accounts are returned to the Judicial Branch.
4. Upon request the contractor will provide a summary of financial activity, including original amount referred, total adjustments, total payments, ending balance, all demographic data, including defendant's name, last known address, last known phone number for all accounts receivable, first by Judicial Branch and then by case type (traffic, criminal, etc.). The report shall be in a format acceptable to the Judicial Branch.
5. The vendor will balance total accounts receivable returned to the Judicial Branch with the last monthly *Receivable Report* provided by the vendor.
6. The vendor agrees to maintain all contracted services and will continue normal payment remittance schedules during the validation and acceptance period.
7. The vendor will forward to the Judicial Branch, or the Judicial Branch's designee, all phone calls, correspondence, and payments related to the accounts returned to the Judicial Branch for a period of forty-five (45) days after the closing date.
8. The State Court Administrator or designees may audit the Vendor's performance on a monthly basis to assess Vendor's compliance with the contract requirements. The



Vendor will provide on-line access by an authorized representative of the State Court Administrator upon request.

9. Unsatisfactory performance or failure to meet any of these requirements is ground for termination for cause.